

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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|-----------------------------------------|---|-------------------|
| AN EXAMINATION BY THE PUBLIC SERVICE |) | |
| COMMISSION OF THE APPLICATION OF THE |) | |
| FUEL ADJUSTMENT CLAUSE OF EAST |) | CASE NO. 94-459-C |
| KENTUCKY POWER COOPERATIVE, INC. |) | |
| FROM NOVEMBER 1, 1995 TO APRIL 30, 1996 |) | |

O R D E R

This matter arising upon petition of East Kentucky Power Cooperative, Inc. ("EKPC") and upon its Motion for Rehearing, filed September 17, 1996, for confidential protection pursuant to 807 KAR 5:001, Section 7, of portions of its response to Item 20(a)(3) of the Commission's June 13, 1996 Order on the grounds that disclosure of the information is likely to cause competitive injury, and it appearing to this Commission as follows:

On June 13, 1996, the Commission ordered EKPC to file "all correspondence, internal memoranda and any other documents which discuss the Smith Station combustion turbine blade failure and recovery of replacement power costs." In responding to the Commission's Order, EKPC provided information which it deemed to be proprietary and petitioned the Commission to withhold the information from public disclosure. The information sought to be protected includes engineering and operating information about the company's combustion turbines, information provided to EKPC on a confidential basis by the manufacturer of the combustion turbines, reports generated on behalf of EKPC to independently evaluate the conditions of the combustion turbine units, and purchased

power quotes which were provided to EKPC on a confidential basis by utilities, power marketers and others. The petition was denied because it did not identify who would benefit from the information or demonstrate how the information would be of benefit to others.

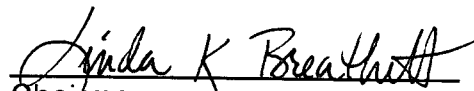
In its Motion for Rehearing, EKPC addressed those deficiencies. It identifies as EKPC competitors electric generating utilities, power marketers, and other entities that compete with EKPC's sales of surplus power in the bulk power market. Disclosure of the information sought to be protected would reveal operating costs of EKPC which such competitors could use to underbid EKPC in that market. Additionally, disclosure of information concerning the cost of power purchased by EKPC through competitive bidding could be used by suppliers of such power to manipulate the bidding process and thereby increase the cost to EKPC. This in turn would weaken EKPC's position as a seller of bulk power in the open market. Therefore, disclosure of the information is likely to cause EKPC competitive injury and the information should be protected as confidential.

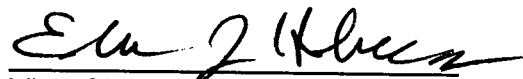
This Commission being otherwise sufficiently advised,

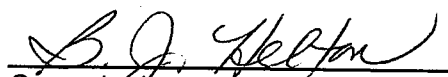
IT IS ORDERED that the information filed in response to Item 20(a)(3) of the Commission's June 13, 1996 Order, which EKPC has petitioned to be withheld from public disclosure, shall be held and retained by this Commission as confidential and shall not be open for public inspection.

Done at Frankfort, Kentucky, this 7th day of October, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director